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The Climate Change & Energy Bill

This Floor Summary describes changes made to HR 2454, American Clean Energy and Security Act, before the House passed the bill on June 26 by a vote of 219 to 212. For a summary of the bill considered on the House floor, see House Action Reports Fact Sheet No. 111-12: June 25.

The bill establishes a "cap and trade" system, in which greenhouse gas emissions are limited, and emissions allowances that allow their holders to emit a certain amount of gases are auctioned by EPA — after more than three-quarters of them are given away free in the first few years — and can be bought or sold among polluters. By 2030, most of the allowances would have to be bought by polluters.

As passed by the House, the bill gives the Agriculture Department, instead of EPA, authority over programs that allow polluters to purchase or create offsets to their emissions in rural and agricultural areas through reforestation or changed soil tillage practices. Additionally, it exempts agriculture and forestry entities, such as farms, from the bill's emissions caps.

The measure permits the president, beginning in 2020, to impose tariffs on products imported from countries that do not limit greenhouse gas emissions. If the president considers such tariffs to be unnecessary, they could be set at zero. The president would have the option — subject to congressional approval — to waive the tariffs.

The bill requires that at least 6% of energy produced by electric utilities come from renewable resources and energy savings by 2012, with that requirement rising to 20% by 2020. The bill permits, in lieu of the 2020 requirement, state governments to assess fees on electric bills that would be used by the states to purchase renewable energy offsetting credits.

The president supported House passage of the bill, but has expressed concern about the measure's provisions allowing tariffs to be imposed on countries without greenhouse gas controls. The measure now goes to the Senate, where a 60-vote margin would be required for passage.

House Changes to HR 2454

The House considered the bill on June 26, passed it by a vote of 219 to 212, and altered the bill by adopting a rule incorporating new provisions.

The rule for HR 2454 automatically made several changes. The House adopted the rule by a vote of 217 to 205, and the bill now includes provisions that do the following:

- Provide the Agriculture Department with the authority, instead of EPA, to define and administer greenhouse gas emissions to offset agricultural and forestry practices;
- Exempt agriculture and forestry entities, such as farms, from the bill's emissions caps;
- Require the Agriculture Department to establish a carbon incentives program designed to reduce supplemental greenhouse gas emissions on private agricultural and forest land;
- Define biomass to include most types of organic waste products, including most types of plants and wood production by-products;
- Exempt existing biodiesel plants to exempt them from EPA renewable fuels assessments;
- Impose tariffs on products from foreign countries that have not adopted greenhouse gas emissions controls if the administration determines that other programs designed to mitigate the domestic economic impacts of emissions controls have been insufficient;
- Permit the president to waive tariffs on products from foreign countries that have not adopted greenhouse gas emissions controls, but requires such a waiver to be approved by a joint resolution of Congress within 90 days;

- Permit, in lieu of the requirement that electric utilities produce a certain percentage of electricity from renewable energy sources, state governments to require that consumers pay a fee with their electric bills that would be used by the individual state governments to purchase renewable energy offsetting credits;
- Provide the Federal Energy Regulatory Commission with siting authority for the construction of certain high-priority interstate transmission lines constructed in the Western interconnection;
- Permit states to convey allowances in State Energy and Environment Development accounts directly to renewable energy generators;
- Establish a renewable electricity standard for federal agencies, and provide federal agencies with the authority to enter into renewable energy power purchase agreements for up to 20 years;
- Make vehicles fueled by natural gas eligible for clean vehicle incentives and the manufacturing incentives for alternatively fueled vehicles;
- Limit the cost of a permit for a license for the construction of a solar energy system, and provide that non-compliance with permit cost requirements disqualifies an entity from Community Development Block Grants;
- Authorize a national education and awareness program designed to inform building, facility, and industrial plant owner and managers, and decision makers, government leaders, and industry leaders about the energy saving potential of mechanical insulation;
- Stipulate that virtual connections qualify when defining a cluster at Energy Innovation Hubs (small Energy Department labs);

- Change the Retrofit for Energy and Environmental Performance (REEP) program to provide that funds provided to disaster victims through the Robert T. Stafford Disaster Relief and Emergency Assistance Act could qualify as the building owners contribution toward the matching requirements of REEP, require the federal agencies administering assistance to disaster victims through the Stafford Act to provide information to victims on the REEP program, and provide 10% of funding under the REEP program for retrofits of public and assisted housing;
- Create a Community Building Code Administration Grant Program and authorize \$100 million over five years in competitive, matching grants for local building code enforcement;
- Limit the Building Energy Performance Labeling Program to new construction only;
- Provide incentives to lenders and financial institutions to provide lower interest loans and other benefits to consumers who build, buy, or remodel homes and businesses to improve their energy efficiency;
- Direct the Housing and Urban Development Department to issue rules prohibiting private covenants that restrict or prohibit the installation of solar energy systems;
- Authorize the Energy Department to develop a research program to study the factors affecting whether consumers adopt energy conservation practices or make energy efficiency improvements, and require the department to report to Congress on the use of thorium-fueled nuclear reactors for national energy needs;
- Establish a clean energy career training clearinghouse to aid institutions with federal

resources, expertise, and information and points of contact in establishing quality training programs;

- Provide clarifications designed to ensure that minority-owned and woman-owned businesses could benefit from grants aimed at stimulating business development;
- Require the Labor Department to monitor the potential growth of impacted and displaced workers with the aim of ensuring that the necessary funding continues to support the number of workers affected; and
- Express the sense of Congress that the United States should work with the International Civil Aviation Organization.